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SUBJECT: SPAIN AND RUSSIA FORGE NEW AGREEMENTS

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[11](#). (SBU) SUMMARY: Russian President Dimitri Medvedev visited Madrid March 1 - 3, 2009 at the invitation of King Juan Carlos and signed a number of agreements with the Spanish government aimed at enhancing bilateral relations. The visit and resulting agreements reinvigorated the countries' economic relationship and political dialogue, particularly in the wake of tensions caused by Lukoil's attempt to purchase a large stake in Repsol. The visit occurred at a key moment for relationship building, less than one year before Spain is to assume the EU Presidency. END SUMMARY.

[12](#). (SBU) Medvedev's visit to Spain, at the invitation of King Juan Carlos, invigorated dialogue between the two countries and was marked by the signing of several agreements. Presidents Medvedev and Zapatero signed a "Political Declaration of Strategic Association," which raises the level of the bilateral relationship beyond the 1994 Treaty of Friendship and Cooperation. With this strategic association (similar to those which Spain has entered into with Argentina, Brazil, Colombia, Chile, Mexico, and Peru), Zapatero and Medvedev will meet annually to promote the bilateral relationship, and the foreign ministers will meet semi-annually.

[13](#). (SBU) The two sides also entered an agreement to allow Spanish military personnel, arms, and equipment to transit Russia via train and air (with some restrictions) en route to Afghanistan. Memorandums of Understanding also were signed between prosecutorial offices regarding engagement and cooperation in the fights against terrorism and organized crime and between CESCE (Spain's public-private export credit company) and the Russian Bank of Development.

[14](#). (SBU) The visit provided an opportunity for Russia to cement the bilateral relationship prior to Spain's January-June 2010 European Union Presidency. President Zapatero committed that during Spain's 2010 EU Presidency, he would support the Russian proposal for a EU-Russia Partnership and Cooperation Agreement (PCA), as well as Medvedev's security treaty proposal. In a March 3 opinion piece, FM Moratinos echoed this support, stating, "...True development must be based on diversification, and because of its level of development and economic profile, the EU is Russia's natural partner...Although Europe may be our central focus, in Russia and Spain we have a dimension to our identity that goes beyond European borders: Spain, with its deep involvement in Latin America and the southern

Mediterranean, and Russia with its strong ties to Asia...We must move toward a better integration of our skills and reinforce the security and progress of our citizens. In that sense, Medvedev has put forward an interesting proposal to consider a new system of European security, one which, while preserving the existing structure, increases security for us all...."

¶15. (SBU) This visit also comes on the heels of Lukoil's controversial bid for a 29.9 percent stake in Spanish Energy giant Repsol (reflets A and B). This bid created a stir in the media and within the political opposition partially based on a negative perception of Russia - especially its actions in Georgia and the Ukraine gas conflict. Although the King and Zapatero both favored the bid, Industry and Commerce Minister Sebastian was a critic, saying that (even if the sale did take place) the GOS would do everything possible to ensure that Repsol remained independent and Spanish.

¶16. (SBU) During Medvedev's visit, these concerns were smoothed over, particularly with the signing of an energy agreement between Zapatero and Medvedev committing to increased cooperation in the areas of petroleum, natural gas, and renewable energies. Russia is currently Spain's top provider of crude oil (22 percent in 2007), but has not yet broken into Spain's natural gas market. However, media sources report that Gazprom is interested in exporting gas to Spain, as well as working with Spanish companies to expand its operations to Latin America. Encouraging Russia's entry as a supplier of natural gas might prove to be a boon to Spain, which has experienced tense moments with its principal supplier, Algeria (reflets C and D).

¶17. (SBU) COMMENT: Russia is no doubt courting Spain in advance of its EU Presidency. Given the GOS's previous

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openness to both the EU-Russia PCA and Medvedev's security treaty proposal following the Caucasus crisis (reftel E), Russia and Spain focus on their common ground. President Zapatero added to these bilateral commitments a promise to work to promote dialogue between Russia and the United States during the EU Presidency. "We plan to resume our trans-Atlantic contacts with the U.S. It is important for the European Union to ensure serious changes in the agreements between Russia and the United States, with Spain's assistance and mediation." END COMMENT.

CHACON